

Sunsets 1/1/2016

48-2c-412 Low-profit limited liability company.

- (1)
- (a) To be a low-profit limited liability company, a company shall:
 - (i) state in its articles of organization that it is a low-profit limited liability company;
 - (ii) organize under this chapter; and
 - (iii) be organized for a business purpose that satisfies, and at all times operates to satisfy each of the requirements under Subsection (1)(b).
 - (b) A low-profit limited liability company:
 - (i) shall significantly further the accomplishment of one or more charitable or educational purposes within the meaning of Section 170(c)(2)(B), Internal Revenue Code;
 - (ii) shall demonstrate that it would not be formed but for the company's relationship to the accomplishment of a charitable or educational purpose;
 - (iii) subject to Subsection (3), may not have as a significant purpose the production of income or the appreciation of property; and
 - (iv) may not have as a purpose to accomplish one or more political or legislative purposes within the meaning of Section 170(c)(2)(D), Internal Revenue Code.
- (2)
- (a) If a company that is a low-profit limited liability company at its formation at any time ceases to meet a requirement to be a low-profit limited liability company under Subsection (1), the company:
 - (i) ceases to be a low-profit limited liability company on the day on which the company no longer meets the requirement; and
 - (ii) if it continues to meet the requirements of this chapter to be a limited liability company, continues to exist as a limited liability company that is not a low-profit limited liability company.
 - (b) A low-profit limited liability company's failure to meet a requirement of Subsection (1) may be:
 - (i) voluntary, in order to convert to a limited liability company that is not a low-profit limited liability company; or
 - (ii) involuntary.
 - (c) If a low-profit limited liability company ceases to be a low-profit limited liability company in accordance with Subsection (2)(a), the company shall:
 - (i) change its name to conform with Section 48-2c-106; and
 - (ii) amend its articles of organization in accordance with Section 48-2c-405.
- (3) Notwithstanding Subsection (1), if a low-profit limited liability company produces significant income or capital appreciation, in the absence of other factors, the fact that the low-profit limited liability company produces significant income or capital appreciation is not conclusive evidence of a significant purpose involving the production of income or the appreciation of property.